

## CLAIMS

I claim:

- 1 1. A method of conducting a lottery comprising the steps of:
  - 2 (1) determining a jackpot for said lottery;
  - 3 (2) paying a first amount at a first payout time to all holders of a non-insured
  - 4 winning lottery ticket, said first amount less than said jackpot; and
  - 5 (3) paying a second amount at a second payout time to all holders of an insured
  - 6 winning lottery ticket, said second amount equal to or greater than said jackpot.
- 1 2. The method of claim 1 wherein said second payout time occurs immediately after
- 2 said insured winning lottery ticket is identified.
- 1 3. The method of claim 1 further including the steps of:
  - 2 (1) offering a non-insured lottery ticket for sale at a first price; and
  - 3 (2) offering an payout insured lottery ticket for sale at a second price, said second
  - 4 price higher than said first price.
- 1 4. The method of claim 3 further including the steps of:
  - 2 (1) offering a tax insured lottery ticket for sale at a third price, wherein said third
  - 3 price is higher than said second price; and
  - 4 (2) paying a third amount at said payout time to all holders of a tax insured
  - 5 winning lottery ticket, said third amount substantially equal to said jackpot plus at least a
  - 6 portion of the taxes payable on said jackpot.

1 5. The method of claim 4 further including the step of offering a payout insurance  
2 upgrade for sale at a first upgrade price to a purchaser of a non-insured lottery ticket, said  
3 payout insurance upgrade converting said non-insured lottery ticket to a payout insured  
4 lottery ticket, said payout insurance upgrade available for purchase until a cutoff time,  
5 said cutoff time prior to said payout time.

1 6. The method of claim 5 wherein said first upgrade price is equal to the difference  
2 between said first price and said second price.

1 7. The method of claim 5 further including the step of offering a tax insurance  
2 upgrade for sale at a second upgrade price to a purchaser of one of said payout insured  
3 lottery tickets, said tax insurance upgrade converting said payout insured lottery ticket to  
4 one of said tax insured lottery tickets, said tax insurance upgrade available for purchase  
5 until said cutoff time.

1 8. The method of claim 7 wherein said second upgrade price is equal to the  
2 difference between said second price and said third price.

1 9. The method of claim 7 wherein said tax insurance upgrade is also offered for sale  
2 at a third upgrade price to a purchaser of one of said non-insured lottery tickets.

1 10. The method of claim 9 wherein said third upgrade price is equal to the difference  
2 between said first price and said third price.

1 11. A method of conducting a lottery comprising the steps of:  
2 (1) determining a cutoff point for said lottery, said cutoff point comprising a prize  
3 value amount separating a large payout amount from a small payout amount, wherein said  
4 large payout amount is an amount ordinarily available in full only by way of payments  
5 paid during a payment period lasting longer than one year, and wherein said small payout  
6 amount is an amount ordinarily available in full in a single lump sum payment;  
7 (2) immediately paying in full said small payout amount to a winner of said small  
8 payout amount;  
9 (3) immediately paying in full at least said large payout amount to a winner of  
10 said large payout amount provided said winner of said large payout amount purchased  
11 insurance for said lottery.

1 12. The method of claim 11 wherein said insurance may be one or both of payout  
2 insurance and tax insurance.

1       13.    A method of conducting a lottery comprising the steps of:  
2           (1) distributing lottery tickets to lottery participants, said tickets including insured  
3        tickets and non-insured tickets;  
4           (2) determining whether a particular ticket is a paying ticket;  
5           (3) immediately paying at least a full award amount if the paying ticket is insured,  
6        regardless of the award amount; and  
7           (4) immediately paying less than a full portion of the award if the paying ticket is  
8        non-insured and the award amount is greater than a predetermined amount.

1       14.    The method of claim 13 wherein full award amount is paid regardless of the  
2        number of participants in said lottery.

1       15.    The method of claim 13 wherein the at least a full award amount further includes  
2        an amount equal to at least a portion of the taxes payable on said full award amount.

1    16.    A method of conducting a lottery comprising the step of immediately paying in  
2    full to the holder of an insured paying lottery ticket any prize said insured paying lottery  
3    ticket is entitled to, without regard for the amount of said prize.

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